

THE SITUATION IN SAIGON

True ended on 20th, Ban
I. Armed outbreaks in Saigon on 19 April were *air*
largest since initial Binh Xuyen clash with *be*
National Army three weeks ago. Press re- *just*
ports tell of lesser incidents on 20th,
as well.

A. On 19th, nine Vietnamese soldiers wound-
ed at Army HQ by mortar fire from near-
by Binh Xuyen strongpoint.

B. Later that day, hand grenades and
machine-gun fire directed by passing
truck at Majestic Hotel (Saigon's
25X1C8b finest), injuring one Frenchman.

C. [REDACTED] French
troops will restore order if European
quarter threatened.

1. French now have responsibility for
this sector but heightened emergency
would give them excuse to clamp down
tighter on city as a whole.

D. Anti-French sentiment apparently rising.

1. Local French UP correspondent, who has consistently filed distorted, anti-government copy, reportedly beaten up by Saigon police (Now under Diem's control).

II. Increasing evidency of French collusion with Binh Xuyen.

- A. ⁹US official notes French Army captain apparently on full-time assignment in Binh Xuyen HQ.
- B. Colonel Savani, French military intelligence expert on sects, is occupying obviously influential position in Binh Xuyen HQ.
- C. In same connection, Premier Diem has reported to Ely that the

French have demanded that certain Vietnamese fortifications in the city be dismantled, but have ignored establishment of Binh Xuyen stronghold half a mile away.

III. Meanwhile, Diem making no progress toward formation stable government.

A. Planning Minister (and premiership hopeful) Thoai has joined list of many cabinet ministers who have submitted resignations.

1. Since mid-March, 12 of a total 21 ministers have tendered resignations.

2. Several of these were ministers in name only.

3. Aside from the sect representatives, only one minister (Minh -- Defense) has been

definitely dropped from the cabinet.

B. Diem concedes inability to attract "worthy" Vietnamese to his government.

1. He feels this goal unattainable until sects made to acknowledge government's supreme authority.

C. Current plan -- formation of some sort of national assembly to be foundation of definitive, authoritative government.

1. French oppose this course; want immediate "basic reorganization."
2. French goal undefined, but various proposals suggest it would involve dilution of nationalist government

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by addition of Francophile
opportunists on whom they
can rely.

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